

ORM 2014 Claims Management and Loss Prevention Services RFP
Addendum 5
Questions and Responses

Additional questions and responses will be posted as soon as possible.

1. Medicare Set-Asides:

- a. Who currently provides Medicare Set-Asides for the State?
- b. What is the current fee for Medicare Set-Asides?
- c. Approximately how many Medicare Set-Asides are required each year?

a. FARA

b. There is no charge – this is part of the Service Fee.

c. See question #11

2. Page 4, Item 1.2.4, Underwriting Unit. Does the state's current TPA provide management reports to support the risk assessment process? Do your internal customers have secured on-line access to their agency's loss data?

The TPA does not provide those reports. Agencies have access to iCE to produce loss reports.

3. Page 5, Item 1.2.6., Technology/Acuity. Does this system interface with your current TPAs claim system, or does the adjuster access this system through a web portal provided by the vendor? Is the contract for the Acuity service between the State and the provider, or is the contract between FA Richard and the provider?

There is an interface from the state's contract system (CFMS) to Acuity to load approved contracts and amendments. There is also an interface from iCE to Acuity to load claims information. Acuity is web-based and uses emails to notify adjusters of invoices needing approval, and to notify accounting of invoices to be paid. ORM currently contracts with Acuity, and will continue to do so. This has been clarified in Addendum 6.

4. Page 50, Item A-23.5. Please identify all the data elements currently captured by the iCE and iClaims Audit software.

Those are proprietary systems; we cannot provide that information. However, ORM has no highly unusual data requirements. Any standard RMIS system could be customized to meet our needs, and we are willing to work with the successful proposer to resolve any data issues which may arise. Upon contract approval, we will work with the successful proposer to develop a mutually acceptable conversion plan.

5. Who handles any equipment inspections required?

Your question is not clear. However, routine Boiler and Machinery inspections are handled through our property broker. Routine elevator inspections are done by a third party under a separate contract. Other routine equipment inspections (HVAC, etc.) are the responsibility of the agency that owns the building.

Damage inspections, with the exception of boiler and machinery, are the responsibility of the TPA.

6. Are the individual building purchase prices and dates of purchase available?

That information is maintained in LaGov, primarily for financial reporting purposes. ORM is not responsible for that data, but can access it if needed.

7. With respect to manning the policy accounts receivables - approximately how many policies will the TPA be responsible for managing?

The TPA will not be responsible for managing the policies. Our Underwriting staff will do that. We are only seeking a data repository for our policy data. Including historical data, there will be approximately 1500 policies.

8. Please provide Detailed Loss Runs by line of coverage for the most recent five years.

We have posted redacted loss information on our web site. More will be posted in the next few days.

9. Is there a download required to Acuity or is information manually input for each litigated case?

See question #3.

10. Please provide any relevant specifics on the data fields and/or format required to support ORM's underwriting and premium billing services. What data fields does ORM require to be stored for ORM to provide the Premium bill and other RMIS related functions?

The data fields required are listed in Appendix A, including items A-23.25 - A-23.30.

11. Per fiscal year for the past three years and the current fractional fiscal year, what was the number of submissions of MSA and CMS approvals and the expense of these services?

	Medicare Set Aside Arrangement	Medicare Set Aside Submissions-CMS Approvals	CMS-Medicare Conditional Payment Investigations/Resolutions
FY 12-13	125	45	30
FY 13-14	211	44	128
FY 14-15 YTD	61	30	73

ORM does not pay separately for these services.

12. Please detail what the State Office of Risk Management considers to be services (included in the service fees) related to “basic adjustment and investigation” of claims, related to the General Liability and Transportation coverage lines.

See Addendum 1, question 6.

13. What type of claims by coverage line and amount investigation and/or adjustment services would the State Office of Risk Management consider to be a field assignment, paid from state funds (outside of the TPA service fees)?

See Addendum 1, question 6. Only vehicle and specialty appraisals, which includes aircraft, heavy equipment and marine hull damage will be paid from state funds.

14. Please provide the number of property damage appraisals performed during the last twenty-four (24) months. Of these appraisals, how many were done by outside vendors? Can this cost be allocated to the claim file?

The numbers provided are for losses over \$7500. They do not include theft, lightning, or denied claims.

Fiscal Year 2012 to 2013

CAT 1051

Non CAT 110

Fiscal Year 2013 to 2014

CAT 0

Non CAT 99

See Addendum 4, question 40 for information on appraisals performed by outside adjusters. As stated previously, property damage appraisals are the responsibility of the TPA.

15. Outside of surveillance, what would the State ORM consider to be services related to “Private Investigation”?

Most private investigation services equate to surveillance. Other examples would be asset checks, background checks and skip trace services.

16. Page 6, 1.2.14 plan operational changes: Are there any interface requirements by the TPA with the use of acuity?

See question #3.

17. Is the TPA required to interface with LaGov for building and content values or is this system used solely by the ORM underwriting, loss prevention and property units? If TPA is required to access this system, what are the interface requirements?

No interface is required. TPA staff will be provided direct access into the LaGov system to enter data from each appraisal.

18. What is the current headcount of dedicated FARA claims and support FTEs?

See Addendum 3, question 8.

19. What is the average FARA caseload per adjuster FTE by line of coverage?

- a. General liability unit
- b. Workers' compensation unit
- c. Property unit
- d. Transportation/road hazard unit
- e. Medical malpractice unit
- f. Loss prevention unit
- g. Underwriting unit
- h. Statistics unit

See Addendum 4, question 30. Note that FARA does not provide Underwriting or Statistics services. That is not a requirement under the previous contract, and is not required by this RFP.

20. Please provide the most recent contract (assuming public domain record), inclusive of rates and fees to assist in quoting this opportunity.

This has been posted on our web site.

21. Reference RFP Page 2: Please provide the number of staffing resources (ex. examiners, team leaders, assistants) currently assigned to:

- a. General Liability Unit
- b. Workers' Compensation Unit
- c. Property Unit
- d. Transportation/Road Hazard Unit
- e. Medical Malpractice Unit
- f. Loss Prevention Unit

- g. Underwriting Unit
- h. Statistics Unit

Staffing information is provided in Addendum 3, question 8.

22. Reference Addendum 2, Page 4 (Section 4.2.6): Please provide the following historical information for the last three years, on an annual basis:

- a. The number of medical bills reviewed
- b. The amount of PPO network charges (\$)
- c. The amount of PPO network savings (\$)
- d. The number of utilization reviews
- e. Pharmacy benefit management services charges
- f. The number of drug utilization reviews
- g. The amount of MSA and CMS approvals
- h. The number of appearances needed at trials and mediations
- i. The number of ISO/Index bureau submissions
- j. The number of property damage appraisals

Items a through g have already been addressed, as has item j. We cannot provide information on trials and mediations or ISO submissions.

23. Re Section 1.2.6 Technology, Page 4:

- a. During the term of the contract, is the proposer allowed to upgrade, at proposer's costs, to more recent versions of Windows and Microsoft Office (including application of Microsoft-supplied service packs) for productivity and security reasons if necessary? If so, what coordination would be necessary with the state to test such upgrades?

The proposer is allowed to upgrade as they see fit. However, to maintain good communications, it is important that neither party implement an upgrade which will make it impossible for them to send/receive documents from the other. Typically, Microsoft provides sufficient information about upgrades to make that determination in advance.

- b. Which of the software and systems listed in this section will the proposer be required to access for services in this proposal?

iCE and iAuditExpert (iClaimsAudit) are FARA's systems and will not be used if another contractor is selected. LaGov is a state system and will be used by the contractor. Acuity is 3rd party software that the state will require the contractor to use.

Which of the software and systems, if any, is subject to the proposer's responsibility for maintenance, support and upkeep?

The proposer will be responsible for providing a system for managing claims and loss prevention audits. In addition, any other software a proposer may choose to use, such as building appraisal software, damage appraisal software, etc. will be the proposer's responsibility. Access to LaGov and Acuity will be provided by the state.

24. Re Section 3.7 Subcontracting Information, Page 14:

- a. Are proposer's subcontractors permitted to access and process data outside the United States so long as appropriate, prime contractor-responsible secure oversight is applied and no data is stored outside the U.S.?

This would have to be considered and approved on a case by case basis, depending on the details of the work to be done outside the US.

25. Re Risk Management Information System (RMIS) requirements starting A-23.1, page 50:

- a. Does the State currently have a RMIS vendor their data is already with? If so, could the bidder alternatively offer to provide consultative staffing support for the existing RMIS system while the state continues to separately contract for and fund the RMIS services with the external provider?

ORM's current TPA, FARA, provides the systems used to manage the state's claims and loss prevention activities. In the event that FARA is not the successful proposer, a replacement for those systems will be required.

- b. If the proposer chooses to respond with a proposer-responsible RMIS system different from the RMIS currently in use, for software, data and systems which are not entirely managed by the proposer (including systems listed in Section 1.2.6, what funding or resources is available from the state for building new RMIS interfaces from those systems to the RMIS system?

ORM receives its IT support from the state Office of Technology Services. If changes to interfaces are required on the state side, that office will be responsible.

26. Re Section A-22.2, Page 49:

- a. By design, SSAE 16, SOC1, Type 2 instruments apply to a specific subset of the proposer's technology and processes and are not usually performed for a client-specific need. Does the State agree that while critical controls necessary for financial transparency will be included that some customized aspects of services rendered by the proposer (including the RMIS system) may not be covered in the required SOC1?

ORM requires that all critical controls be addressed by an annual SSAE16 review resulting in a SOC1 Type II report to be provided to ORM. Depending on the details of the proposal, this may mean that the SOC1 will actually be

provided by a sub-contractor, or in some cases, that multiple SOC1s might be required. If the proposer is aware that there may be a problem in meeting this requirement due to system customization or any other reason, it should be stated in their proposal. In that event, ORM will consider alternate methods of meeting our auditor's requirements.

27. Re Escrow in A-23.6, Page 50:

- a. Which of the software, if any, is subject to the proposer's responsibility for Escrow maintenance in A-23.6 (Page 50)?

This will depend on the details of the proposal and will be discussed in contract negotiations. However, our primary concern is the software that houses our claims data.

- b. For proposers whose systems are continuously updated in the course of business, will annual deposits be an acceptable interval for this requirement?

A deposit would not necessarily be required after each update, however, annually would probably not be timely enough to protect our interests. This can be discussed during contract negotiations, but quarterly or semi-annually would be a more reasonable assumption.

- c. If the State "requests independent testing and verification of the deposit" will the State reimburse for all tangible costs incurred by the proposer for such verification?

The state would pay for those services.

28. Re Disaster Recovery in Section A-23.7, Page 50:

- a. Which of the software and systems, if any, is subject to the proposer's responsibility for DR in Section A-23.7 (Page 50)?

Our primary concern is the system that houses our claims data.

- b. If a bidder has both field offices and a physically separate data center involved with restoration of services in case of disaster, should or can the bidder provide separate recovery times for field office recovery and data center (aka Systems Disaster Recovery)?

Yes.

- c. The requirement appears to reference Restore Time Objective for Disaster Recovery. Is there a required Restore Point Objective?

You can establish a restore point objective that will work in cooperation with your other business procedures. Without knowing operational details, we

cannot specify that. Our intent is for you to provide a solution that will ensure that payments (particularly Workers' Comp) can be made timely, and that other critical operations can continue with a minimum of downtime.

- d. Most technology-based systems restoration (aka Systems Disaster Recovery) of systems of this type require significantly longer than 8 hours. Will a proposal be considered non-responsive if Systems Disaster Recovery exceeds 8 hours, so long as a tested, verified DR Restore Time Objective is provided?

The 8 hour requirement has been changed to 24 in Addendum 6. Regardless, a plan would not be considered unacceptable if it failed to meet that one criteria.

29. Re Performance Penalties, Section 1.6, Page 8 of 76:

- a. What is the objective/measurable target/definition for "timely" and "accurate"?

The TPA will develop, and ORM will approve, a workplan which includes tasks and target dates for conversion of data. The final completion date on the workplan will provide the target for timeliness. State staff will utilize control totals to verify that all data was converted accurately. The control totals will be defined during conversion planning.

- b. What is the objective/measurable target/definition for "acceptable or better" scores?

In the first 6 months of the TPA contract, ORM will work with a 3rd party to develop file audit worksheets and scoring mechanisms. The TPA will have input to that process.

30. Re Performance Penalties, Section 1.6, Page 8 of 76: Does FARA currently have in place any other penalty and/or incentive built into the existing contract? If so, please outline.

No.

31. Re Appendix A, A-1.6: Can you outline or provide further explanation relative to interoffice mail service expectation? How does the current process work?

A FARA employee delivers/picks up interoffice mail from ORM once a day.

32. Re Client Instructions – Workers' Compensation (updated Dec. 1, 2014) – Centers for Medicare & Medicaid Services (CMS) Approval – Pages 15–16:

- a. CMS cites \$250,000 as the threshold, on page-16, \$200,000 is referenced as threshold – Is this an ORM requirement or simple misstatement?

Our expectation is that the TPA will comply with all CMS guidelines. Client Instructions will be revised as part of the conversion process. If anything is incorrect or out of date, it can be changed at that time.

33. Does the State track OSHA recordables using federal guidelines or some other sanctioned record keeping process?

ORM is not subject to OSHA regulations.